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Causality of sponsorship and sales

Case: Specialized Roubaix bicycles



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Causality between Sponsorship and sales Case study: Specialized Roubaix bicycles	Number of pages and appendices 25 + 2
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<p>Sponsorship is one of the fastest growing segments in marketing, yet a definite way of measuring the successfulness of a sponsorship campaign is lacking. More specifically the emphasis of this study was to find if there is a causality between a win in a famous bicycle race and consequently an increase in the retail sales of the bicycle used in that specific race. This study was conducted as a desk study comparing local retail sales of the race-winning bicycle prior to and after the race.</p> <p>The data and information for the study was collected through an qualitative interview. Validity and reliability were the main concerns throughout the research. The research findings showed some correlation between the sales increase and the race win. Furthermore, the study indicated window of opportunity for further study in the field for a longer term data analysis based on the sales.</p>	
Key words Sponsorship, measurement, sales analysis, cycling, bicycles.	

Table of contents

1 Introduction.....	1
2 Background to bicycle racing.....	2
3 Sponsorship.....	6
4 Methodology.....	11
5 Data collection.....	12
6 Validity & reliability.....	14
7 Discussion and conclusions.....	16
8 Bibliography.....	17
9 Appendixes.....	22

1 Introduction

Sponsorship is a vastly important part of any professional sport as well as a part of the marketing mix of many businesses. Businesses are investing increasingly in marketing and through that also in sponsorship as a marketing tool. Sponsorship spending is growing higher, according to Shank (2004, 4) it was a \$9 billion industry in the United States alone.

In professional cycling, companies are paying anything between \$150000 to \$700000 per year to sponsor a cycling team (Trevi, 2003) but yet there have been a lack of a tool of measuring the success of such a sponsorship campaign other than the CPM or “Cost Per Mille” model which measures views of a brand (Shank, 2004, 4; Trevi, 2003)

The aim of this thesis is to gain an understanding if retail sales can be used as a baseline measurement tool to assess the effectiveness of a sponsorship campaign. This thesis is divided into the following research questions. Can direct retail sales be used as a measurement tool to assess the successfulness of a sponsorship. Moreover how does a win in an important race show in the retail sales of the specific bicycle used in that race?

This research was conducted as a desk study in a form of sales analysis using the retail sales figures of a race winning Roubaix model range of bicycles manufactured by the Specialized Bicycle Components inc. a year prior and a year after an important win. The sales data were collected during an qualitative interview with the management of a Specialized Bicycle Components Inc. retail vendor based in the city of Porvoo, Finland.

Porvoo as a city gives an added significance to the study as being the most successful city in Finland in terms of number of past and current professional elite level cyclists and being the host city of the oldest one day bicycle race in Finland. (Urheilulehti, 2005)

1.1 Research problem and objectives

The aim of this study is to gain an understanding to the possible correlation between sporting success and direct retail sales figures in bicycling racing context and furthermore to establish if a store retail sales figures can be used as a simple baseline tool to measure the success of sponsorship. The study has been conducted by comparing the direct retail sales

figures of specific bicycles used by the past two winners of the Paris-Roubaix single day bicycle race held annually in France before and after the event.

In order to study and understand the potential causal relationship of sporting success, this case the wins of Tom Boonen and Fabian Cancellara at the Paris-Roubaix and the sales figures of the bicycles, this thesis is divided into following research question and sub-question:

- R1.Case Paris-Roubaix: Can direct retail sales be used to assess the success of sponsorship?
 - R1.1 Did wins increase the sales figures of these different Roubaix models made by Specialized (Specialized Bicycle Components, Inc) after the events?

2 Background to bicycle racing

2.1 Bicycles as a business

In America alone 43 million people participate in bicycle sports, which makes it the seventh biggest sport in the nation. According to a study by Active Marketing Group (2007), over 70 % active cyclists hold college or university degree and average income level over \$60k per annum. In 2007 bicycles and cycling wear accounted to 6.7 % of all sporting goods sold in America. In global terms the bicycle industry annual turnover is expected to reach \$61 billion by the end of 2011 and exceed \$77.7 billion during 2015 (Go Green Corp. 2010; Rickman 2009). Of those figures the biggest growing segment is sports bikes, their sale is expected to reach \$29.2 billion by 2012. With over 6.0 % growth annually. (Go Green Corp. 2010; Rickman 2009; Active Marketing Group 2007.)

2.2 Bicycle racing

Bicycle racing itself include various different sports from mountain biking to road racing. Road racing being the most high profile side of all bicycle racing. The basic idea of road racing is simple – a group of cyclists start together and the first to cross the finish line wins. At the top of all road racing are the so called grand tours, multi day races such as the Tour de France and Giro d'Italia. In European racing calendar the spring is dedicated to the so called "Spring classics" which are the most high profile one day races. The Paris-Roubaix race is one of these single day events. (Fotheringham 2004, 8.)

The Paris-Roubaix race is described by Hood (2010) as one of the oldest professional races in cycling, Paris-Roubaix started in 1896 as a warm up race for the Bordeaux-Paris and has been held every year usually on or around the Easter Sunday, except during the two world wars. Although the name suggests the race no longer starts in Paris. In 1966, organizers moved the start from Paris to Chantilly. Again in 1977, the start was transferred to Compiègne. The finish of the route has remained the same through out the years, the outdoor velodrome in Roubaix. The route varies from year to year as the race organizers ASO search out new sections of cobble stone roads or detour around other road sectors under repair. (Hood 2010.)

The race is known for its long and harsh sections of the mentioned cobble stone roads. In recent years, those harsh road conditions of the race has led to specialized bikes, with unique frame designs and wheelsets. (Hood 2010; Huang 2010.)

2.3 The race specific bicycles

A range of these mentioned specialized bicycles are produced by Specialized Bicycle Components, Inc. The company is currently the fourth largest producer of high end bicycles in the United States. The key to their success has always been the strive to create new and innovative designs. In 1981 they revolutionized the cycling world by introducing the mountain bike to the general public. Since then the company has continued to create and introduce new cutting edge products to the bicycle market place. (Funding Universe 2010.)

Specialized Bicycle Components, Inc. has had a long history of sponsoring professional road cycling teams. According to Vestal (2010) the more high profile sponsorship started with team 7-Eleven in the 1980s when company provided the team helmets and wheels. Currently (season 2010) the company sponsors two professional road racing teams, team Astana and team Saxo-Bank.. (Vestal 2010.)

Three of the more recent editions of the Paris-Roubaix race have been won using the Specialized made S-Works Roubaix SL bicycle, these were the wins of Tom Boonen in 2008 and 2009 representing Belgian team Quick Step, which at the time was sponsored by Specialized bicycle components Inc. and Fabian Cancellara in 2010 representing team Saxo

Bank from Denmark. As mentioned both athletes were sponsored by Specialized Bicycle Components Inc. through their respective teams.(Huang 2009; Huang 2010.)

The wins by Tom Boonen in 2008 and 2009 were won on custom made Specialized S-Works Roubaix SL2 bicycle, modifications to the bicycle from the regular production model featured altered geometry with longer top tube and shorter head tube. All these modifications are not visible and over all appearance of the bicycle remains the same as the production model.(Huang 2009.)

The 2010 win by Fabian Cancellara was again won on a S-Works Roubaix SL3 bicycle code named as the “Project Black” which featured again altered geometry and longer wheelbase. Again the geometry modifications do not alter the appearance of the bicycle from the production version. (Huang 2010.)

The Roubaix model bicycles available to consumer come in various configurations with different gearing systems, component, sizing (49 cm to 61cm) and carbon fiber wave material (6r to 10r) options. Differences in these options create the variations in retail pricing. Most expensive ones are the S-Works models which bare the closest resemblance to the race winning bicycles used at the Paris-Roubaix race. All of the Roubaix bicycles are available to the average consumer through the Specialized dealers. (Specialized Bicycle Components, Inc. 2010a)

The Roubaix models line includes the following :

S-Works Roubaix SL2 DA

Key features of the bicycle; This is the most expensive production bicycle of the model range and bares the closest resemblance to the race winning bicycles. The bicycle has the S-Works 10r carbon fiber frame set with Shimano Dura-Ace 10 speed gearing system and Shimano Dura-Ace carbon fiber wheel set. (Specialized Bicycle Components, Inc. 2010a)

S-Works Roubaix SL2 Module

A frame set module featuring a 10r carbon fiber frame set and S-Works crank set with 50 and 34 teeth chain rings.(Specialized Bicycle Components, Inc. 2010b)

S-Works Roubaix SL2 Frameset A bare 10r carbon fiber frame set with a carbon fiber seat post. (Specialized Bicycle Components, Inc. 2010c)

Roubaix Pro Dura-Ace

Key features of the bicycle; 9r carbon fiber frame set and mixture of Shimano Ultegra and Dura-Ace 10 speed components. (Specialized Bicycle Components, Inc. 2010d)

Roubaix Pro SRAM

Key features of the bicycle; 9r carbon fiber frame set and mixture of SRAM Red and Force 10 speed components. (Specialized Bicycle Components, Inc. 2010e)

Roubaix Pro Frameset

A bare 9r carbon fiber frame set with a carbon fiber seat post. (Specialized Bicycle Components, Inc. 2010f)

Roubaix Expert Compact

Key features of the bicycle; 9r carbon fiber frame set with Shimano Ultegra 10 speed components. (Specialized Bicycle Components, Inc. 2010g)

Roubaix Expert Triple

Similar to the above bicycle but with one additional chain ring in the front. (Specialized Bicycle Components, Inc. 2010h)

Roubaix Comp Compact

Key features of the bicycle; 7r carbon fiber frame set with Shimano 105 10 speed components. (Specialized Bicycle Components, Inc. 2010i)

Roubaix Comp Compact Rival

Key features of the bicycle; 7r carbon fiber frame set with SRAM Rival 10 speed components. (Specialized Bicycle Components, Inc. 2010j)

Roubaix Comp Triple

Key features of the bicycle; 7r carbon fiber frame set with Shimano 105 10 speed components and one additional chain ring in the front. (Specialized Bicycle Components, Inc. 2010k)

Roubaix Elite Compact

Key features of the bicycle; 7r carbon fiber frame set with Shimano 105 10 speed components and R600 crank set. (Specialized Bicycle Components, Inc. 2010l)

Roubaix Elite Triple

Key features of the bicycle; 7r carbon fiber frame set with Shimano 105 10 speed components and R553 crank set. (Specialized Bicycle Components, Inc. 2010m)

Roubaix Compact

Key features of the bicycle; 6r carbon fiber frame set with Shimano 105 10 speed components and Truvativ crank set. (Specialized Bicycle Components, Inc. 2010o)

Roubaix Triple

Key features of the bicycle; 6r carbon fiber frame set with Shimano 105 10 speed components and Truvativ crank set with third chain ring . (Specialized Bicycle Components, Inc. 2010p)

3 Sponsorship

Sponsorship is the worlds fastest growing marketing medium. Since the early 1980s growth has been over 20% per annum (Mullin et al. 2007, 209.). Currently \$24 billion is spent on different sponsorship activities annually. The key issues in current literature are the definition of sponsorship itself and the lack of usable measurement tools for sponsorship activities. (Mullin et al. 2007, 210; Dolphin 2003, 173.)

Sponsorship by definition is according to Bashiri et al.(2010, 57) "...a relationship between the 'sponsor' which provides cash and/or assets to a 'sponsee' in return for opportunities to create links with an event, cause, or organization in the eyes of consumers and potential consumers. The sponsee can be an organization, team, program, or event that requires resources in order to accomplish its objectives. This link created in the minds of consumers between a sponsor and sponsee differentiates sponsorship from advertising, and results in image transfer whereby the sponsor and sponsee are associated with each other." Yet Mullin et al. (2007, 206) argue that a widely accepted definition of sponsorship does not exist and it is always dependant of the objectives of the sponsorship campaign. For example a company uses sponsorship as an opportunity to host clients and solicit a sale it can be regarded as personal selling. When a car company sponsors racing, it can be viewed as sales

promotion. Sponsorship is a flexible enough to be used to server different objectives or outcomes. (Mullin et al. 2007, 206; Bashiri et. al. 2010, 57.)

Sponsorship can be seen as a part of the broader marketing mix with definable goals, such as to increase brand awareness, generate media benefits, achieving sales objectives and others. The ultimate goal of all marketing efforts is to increase sales and profitability. According to Mullin et. al.(2007, 219) sponsorship can be seen as an element to influence the consumer to buy. In that sense sponsorship can have a direct influence to sales. One evidence of this was the case of Volvoline Oil. Co. that had low sales figures in Texas. After starting a rodeo sponsorship campaign the sales increased by 28%. (Mullin et al. 2007, 219)

According to Stone et al. (2003, 96) using successful athletes to use and endorse a product is called “image transfer”, where qualities of an athlete would be associated with the product or service that athlete is using. Secondary benefit from this strategy is both free publicity and testimony for the product itself if the product had contributed to their win. In the past this strategy has had direct sales implications, after a successful season tennis player John McEnroe had to change the tennis shoe he was wearing into to a different model to achieve more ankle support, after the switch the sales of that style of shoe jumped from a few thousand into over a 1.5\$ million. (Stone et al. 2003, 96.)

For simplification this thesis will use the sponsorship definition of Bashiri et. al. (2010, 57) as the basis to this study.

3.1 Sponsorship objectives and measurement

Measurement of the effectiveness of a sponsorship campaign is highly based on the objectives set for that mentioned campaign. Mullin et al (2007, 216) describe the most often found objectives of a sponsorship campaigns as follows;

To increase the public awareness of the company and/or the product

Canon had a low corporate profile in the minds of the British public and to overcome this Canon started a licensing agreement with the English football league. Six months later the awareness level of Canon brand with in the British public had increased from 19 percent to

85 percent and furthermore sales of that same period had increased 20 percent. (Mullin et al. 2007, 216)

To alter or reinforce the public perception of the company

Companies try to capitalize on the effect of image transfer in which good qualities of 'sponsee' would transfer to the product or company. The potential of this is maximized when there is a direct association between the target group of the company and the target group of the sport or an event. (Mullin et al. 2007, 216)

To identify the company with particular market segments

Only sponsoring an event or sport that matches the target segment. For example the US based brewer Coors only has a limited marketing/sponsorship budget so to their best interest is to be selective of which sports to sponsor. Their internal studies concluded that most beneficial sport to sponsor would be automotive racing based on the notion that fans of this particular sport consume beer more than any other alcoholic beverage. (Mullin et al. 2007, 217)

To involve the company in the community

Sponsorship has demonstrated more potential than any other marketing tool in terms of direct impact on the community. This is particularly true when a company or an organization provides a financial or other support to an event or program that would not otherwise be implemented. A company can achieve this at a relatively low cost, sponsorship of New York marathon costed between 50000 to 200000 to Mercedes-Benz yet they reached 20000 runners, a live audience on the marathon route and a broad television coverage. (Mullin et al. 2007, 218)

To build goodwill

According to Mullins et al. (2007) sports events provide an excellent environment to conduct or influence business. Market growth of many products have stabilized and fight for market share has become more fierce. In this context the business decision makers who decide on the potential display areas of products becomes an influential audience. (Mullin et al. 2007, 218)

To generate media benefits

In cycling context these benefits are the most valued of all. This sponsorship objective is most relevant to companies that do not have direct access to advertising channels, may that be because of financial or other reasons. However for most companies the media coverage is mere an intermediate objective compared to *achieving an increase in sales*. According to Mullins et al. (2007) sponsorship is believed to cost less than direct advertising (measured through cost per mille model), it is also believed to lack the impact of direct advertising. (Mullin et al. 2007, 219)

To achieve sales objectives

Overall the ultimate objective of all marketing is to increase sales or profitability. Sponsorship along with other means of the communications mix can be viewed as an element to influence the buyers to purchase. In this sense sponsorship also in bicycle sports constitutes an important stimulus to influence sales in more direct manner. (Mullin et al. 2007, 219)

Bashiri et al. (2010, page) came to similar conclusions when studying the objectives of sport sponsorship. In the study the main corporate objectives were; expanding sales market, reinforcing the company image and increase awareness of the company brand. (Bashiri et al. 2010, 66.)

Johansson & Utterström (2006, page) argue further that these corporate objectives can be divided into two main categories, *direct* and *indirect corporate objectives*. Direct objectives would have short term focus in increasing sales as a result of impact on consumption behaviour. Indirect objectives, these focus on increasing sales by creating awareness and desired image of a product before the actual purchase. (Johansson & Utterström 2006, 8.)

As mentioned, all of the past studies seem to agree on the importance of measurement of the success of a sponsorship. Yet any cohesive model to assess the success does not yet exist, this maybe due to the wide variety of sponsorship objectives and the causal ambiguity which makes it difficult to separate the effects of sponsorship from other forms of marketing carried out the same time. (Amis et al. 1999, 259).

Yet there are indications that the affect on sales could used as a baseline measurement, Johansson & Utterström (2006, 12) goes to argue that “Sponsorship is therefore an important

stimulus when purchasing is seen as multi-stage, multi influence activity, in the same way as it may influence sales in a more direct manner” (Johansson& Utterström, 2006, 12). Van Heerden (2001, page) argues further that when customers are targeted with objectives such as brand loyalty or brand awareness the measurement tool used could be the effect on sales (Fig 1.). (Van Heerden 2001, 177.)

Target audiences		
Objectives	Target	Sponsorship effects
Brand awareness	Consumers	Sales increase
Image enhancement		

Table 1. Target audiences and the sponsorship effects. (Van Heerden 2001, 177.)

Figure 2 by Crompton (1994, 75) shows the stages where the effectiveness of sponsorship can be measured. Further down the stages the measurement takes place the stronger is the evidence of sponsorships contribution to sales figures. If direct sales are not measured then the next stage of measurement is the “reception stage” which is one step earlier from direct purchase. Individuals go through these stages from first becoming aware of the product, to finally making a purchase decision. (Crompton 1994, 75.)

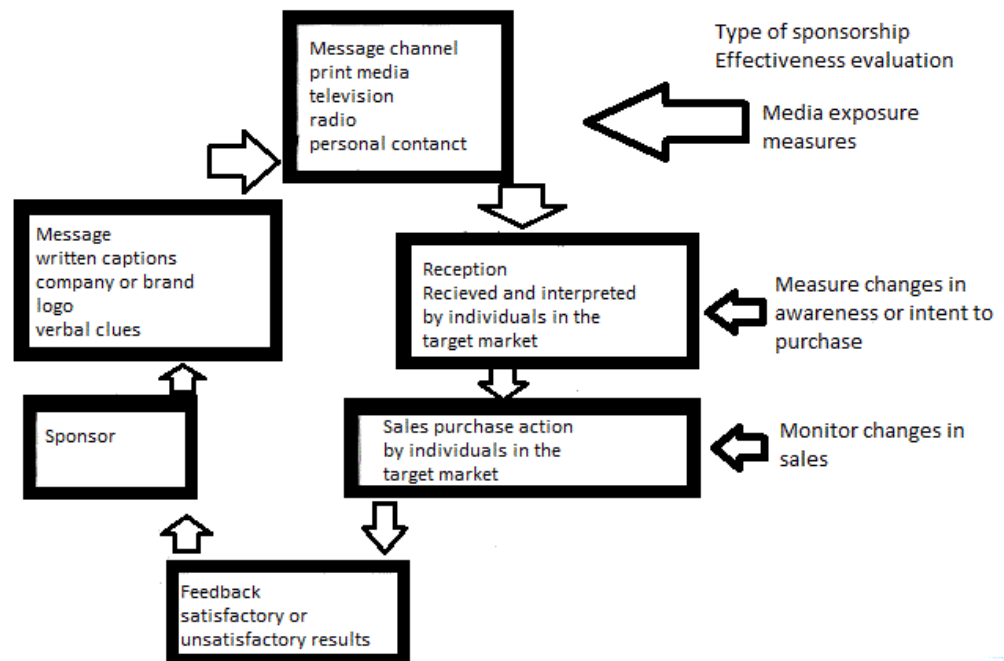


Figure 2. Assessing the effectiveness of sponsorship (Crompton 1994, 77.)

Later study by Crompton (2004, 279) suggests a way to measure increases in sales by comparing sales for the two or three month period surrounding the sponsorship event to sales during a comparable period. The comparable period may be the same months in the previous year, or a similar period at another time of the year, if sales of the brand are not seasonal. (Crompton 2004, 279). Parvez & Pervez (2006, 9) suggest a similar comparison of figures to assess the effects of sponsorship. This measurement was used by Guinness beer company on their sponsorship campaign of the 1999 Rugby World Cup. The measurement was done by comparing sales figures during the October/November campaign period with the sales figures of the same time period in the previous year. The percentage increases reported included: France 37%, Australia 20%, South Africa 24 %, Great Britain 17 %, Dubai 71 % and Malaysia 200 %. (Crompton 2004, 279; Parvez & Pervez 2006, 9.)

3.2 Sponsorship in bicycle racing

The importance of sponsorship is known and getting more and more attention and corporate funding, the question of evaluation of sponsorship comes to play. According to Crompton (2004, 280) “Sponsorships sometimes are dropped not because they do not have value, but because no one has actually measured the value.” (Crompton, 2004, 280.)

In the past, according to Baldwin (2009) in his article citing Stapleton, the CPM model has been used to measure the success of sponsorships in the cycling context. The CPM or “Cost Per Mille” model calculates thousand views of a logo or an advert divided by the cost of sponsorship. Weakness of this model lays in the correlation with actual sales. (TLVMedia 2010.) According to Baldwin (2009) citing Stapleton, the CPM value for cycling sponsorship is around \$1.5. (TLVMedia 2010; Baldwin 2009.)

4 Methodology

The objective was to study how the wins in Paris-Roubaix race with a Specialized branded bicycle had affected the sales of the same model of Specialized bicycles on a retail level in Porvoo, Finland. Most convenient way of analysing sales is the “sales analysis”. According to Strydom (2004, page) “..sales analysis relies on sales figures to assess the current performance of a business and is probably the most common method of evaluation because sales data is readily available in most businesses. Sales analysis provides some indication

of of the target market's response to a particular marketing mix. The fundamental measuring unit is therefore the sales transaction.” (Strydom 2004.)

Finch (1998) goes to argue further that sales analysis can be performed on different product lines and the in-depth uncovers the core strengths and weaknesses of the firm. Once areas of concern are identified, the management can obtain additional information to identify the causes of success and failure based on this analysis. (Finch, 1998, 66)

This mentioned form of sales analysis was conducted in a form of a 'desk research' which Crouch et al. (2003) define as research data that can be acquired simply by sitting at a desk. It is a form of data that already exists and has been already produced for some other purpose in case of this research for the evaluation of internal sales data.

Crouch et al. (2003) argues that.”..desk research is a good starting point to any research because it is quick and cheap to acquire and easily assimilated.” It extremely useful as a familiarization process and in generating ideas that will help to formulate and refine subsequent collation of primary data. The new devices of research such as the Internet have extended the ability to do good desk research. (Crouch et al. 2003. 19)

More specifically the sales of Specialized Roubaix bicycle model range at the retail store of Porvoon Pyöräkeskus Oy, located in the city of Porvoo, Finland were chosen as the basis for the desk research.

The research was conducted as a quantitative sales analysis in a form of a numerical comparison between annum.

5 Data collection

Porvoo as a city has always dominated Finnish bicycle racing. According to Urheilulehti (2005), Porvoo is the only real cycling city in Finland, with generations of active racing cyclists and athletes such as Hellberg, Hannus, Wackström and Mansner dominating bicycle racing during their respective era's and also being the host city of the oldest annual bicycle race in Finland, the ”Porvoon Ajot”.(Urheilulehti 2005).

Porvoo is also the home town of Kjell Carlström, an athlete racing in the UCI Pro Tour (highest level of bicycle racing) and a contender in the Paris-Roubaix classic race. These factors make Porvoo an ideal place to conduct research in bicycle sales. (Urheilulehti 2005).

Data was collected through semi-structured interview conducted with the retail management of Porvoon Pyöräkeskus Oy. The particular data collection method was deemed appropriate for the study objectives on the basis of simplicity.

The mentioned interview was conducted in February of 2011 in Porvoo. All results are based on the information gained from the aforementioned interview of Nina Karhu, who functions as the retail manager at Porvoon Pyöräkeskus Oy .

5.1 Data analysis

A sales analysis was conducted using the sales figures of units sold (of the Specialized Roubaix bicycle range) per annum. As suggested by Crompton (2004, 278) in his study, some effectiveness of sponsorship can be measured as using the yearly total sales as a measurement. Comparison was conducted with figures from the year 2008, 2009 and 2010 respectively using 2008 as the base line. These figures were turned into percentages instead of direct numbers of units as per request of the retail agent. (Crompton 2004, 278)

Calculations of the sales figure in percentage form were conducted using Excel spreadsheet program.

5.2 Results

<u>Year</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Units sold	x	x	x
Percentile increase	0	200,00%	550,00%

Figure 3. Percentile increase in sales of all the Specialized Roubaix models, using 2008 as the base line.

Increase in sales from 2008 to 2009 was 200 % and increase from 2008 to 2010 was 550 %

The sales of the Specialized Roubaix models started in early 2008 in Porvoo Pyöräkeskus Oy. According to Nina Karhu, during the first year of sales of the model, the European stock was fully out sold from the main warehouse in Netherlands and only a handful of bicycles were able to be delivered to Finland. This pushed potential buyers of the bicycles and their purchase to the following year (2009) , this can account to some of the increase of sales during that following year.

During the year 2009 and 2010 model was fully available to all the European dealers from the warehouse in the Netherlands so the increase of 2010 can not be accounted strictly to the model being sold out. Some of the increase can likely be attributed directly to the increase of overall sales of bicycles and the shift of emphasis to more valuable bicycles over the mid-range models. (Karhu, 2011; Bike-Eu, 2010)

According to Karhu (2011), marketing of the model in Finland was always conducted by Specialized Bicycles Components Inc. This marketing mix includes their corporate website, yearly bicycle brochures, some printed media and different forms of sponsorship campaigns.

Futhermore this overall finding gets support from similar case in the Netherlands. Timon Rutten came to similar conclusions regarding the increase of sales of Giant branded bicycles and the sporting success of the Giant sponsored team Rabobank in the Netherlands, stating that a vastly successful year in the Tour de France had increased overall sales at the Giant branded stores in the Netherlands. (Rutten, 2011)

6 Validity & reliability

According to Miller (2011) "...reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials." In short, a test or measurement needs to be repeatable to be reliable. Thus, in qualitative research terms the degree to which an individual's responses (i.e., their scores)

on a survey or answers to an interview would stay the same over time is also a sign of reliability. (Miller, 2011, 1)

Miller (2011) argues that it is important to understand is that a measure can be perfectly reliable and yet not be valid. An example is a scale that always weighs 5 lbs. heavier than true weight. This scale (though invalid as it incorrectly assesses weight) is perfectly reliable as it consistently weighs as being 5 lbs. heavier than true weight. (Miller, 2011, 1)

Miller (2011) defines the term validity "...as the extent to which the instrument measures what it purports to measure." More specifically this term can be divided into sub-categories of validity, these being content validity, face validity, criterion-related validity (or predictive validity), construct validity, factorial validity, concurrent validity, convergent validity and divergent (or discriminant validity). The first two terms being the most relevant to this study. They are described as follows; (Miller, 2011, 3)

Content validity pertains to the degree to which the instrument fully assesses or measures the construct of interest. For example, questions asked in an interview are directly related to the study being conducted. Face validity according to Miller (2011) "...is a component of content validity and is established when an individual reviewing the instrument concludes that it measures the characteristic or trait of interest." In other words, it looks as if it is indeed measuring what it's meant to measure. (Miller, 2011, 3)

In case of this study, preliminary plan was to research the sales of the mentioned Specialized Roubaix range bicycles within Europe. This idea for the basis of this thesis was introduced by a employee from the Specialized bicycle corporation in the Netherlands. Involvement of Specialized bicycle corporation to this research was later withdrawn and the research was modified to only study the local level retail sales in the city of Porvoo in Finland.

The described Roubaix range of bicycles have a vast variation in sizing of components as well as frame sizing and all of the variations are listed under different trade codes for the retailers to order in the business to business online ordering system. The study was based solely on total yearly sales numbers of units sold, regardless of these minute differences in component or bicycle sizing.

7 Discussion and conclusions

Sponsorship has been gaining more and more importance as part of the marketing mix of many businesses but current methods of evaluation have been vague. Past studies in the field indicated a possibility of using retail sales as a baseline assessment of the effectiveness of sponsorship. (Crompton, 2004, 279.)

Sponsorship and its possible affects on sales was also the main research question in this study. Based on this desk research some relevance can be found between sponsorship and sales also in the case of the Roubaix bicycles. This preliminary desk research conducted gives strong indications towards the causality between the two. Yet, the research also has its limitations. Mainly, lack of longer term sales data of the Roubaix bicycles. This can mainly be contributed to the fact of only three year availability of the Roubaix line of bicycles in Finland.

Overall this study has opened space for future research on the topic. To be able to further prove the related causality of sporting success and sales increase in bicycle sports context more longer term data would be needed to disprove the effects between the implications of other marketing efforts on overall sales.

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9 Appendixes

9.1 Appendix A

Interview Transcript

Interviewer: Antti Sizko

Interviewee: Nina Karhu (Manager at Porvoon Pyöräkeskus OY)

Date: 13.04.2011, 17:00

Location: Porvoon Pyöräkeskus OY, Kaivokatu 34, 06100 Porvoo

Antti: When did the sales of the Roubaix models begin?

Nina: Sales in Finland begun during 2007 and the sales of the specific models begun during the year 2008.

Antti: How was the marketing conducted of the bicycles?

Nina: Marketing efforts have been all basically done by Specialized Bicycle Components Inc. And their European office in the Netherlands. These efforts have mainly included the website, all the printed brochures and some other printed adverts in European cycling media. In Porvoo we have had few printed ads.

Antti: How has the sales increase happened?

Nina: During the first year, attention was great towards the bike, majority of the bicycles were sold out from the European warehouse (in the Netherlands) and the factory was unable to produce any more bicycles for that year. So in my view many of the potential buyers of this model had to push their purchase to the next year which increased the sales the following year. Overall my view is that the increase has been very rapid and progressive since the launch in 2008.

9.2 Appendix B

Interview Transcript

Interviewer: Antti Sizko

Interviewee: Timon Rutten (Manager at Hans Struijk Fietsen B.V.)

Date: 19.04.2011, 11:00

Location: Waldorpstraat 15f, Den Haag, Netherlands

Antti: How has the (bicycle) business been here in the Netherlands?

Timon: It's getting better and better.

Antti: What do you think will happen in the short term in the retail side?

Timon: I think we will see more and more single branded stores opening, just like the Giant branded ones we opened here. I think it is a working concept and the emphasis will be more on that than the 'mom 'n' pop' style small shops with multiple brands as we still see now days.

Antti: What do you think are the factors that will promote that concept in the Netherlands?

Timon: I think there is a more awareness towards brands and especially Giant in the Netherlands. It used to be more about the local brands here such as Gazelle and Batavus and in a way it still is in the simple city bike market but in the sporting bikes (mountain and race) it is more overseas brands such as Giant that dominate.

Antti: Why is Giant gaining so much awareness?

Timon: It is a good solid brand with good marketing and a lot of knowledge in bike building, as you know they produce lot of different level of bikes from simple city stuff to high quality expensive race bikes and ofcourse being the bike provider to team Rabobank is helpful providing exposure.